

**SUBSTITUTE AMENDMENT IN THE NATURE OF A
SUBSTITUTE
OFFERED BY MR. KANJORSKI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Accounting Standards
3 Integrity Act”.

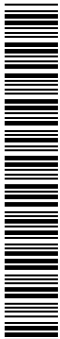
4 SEC. 2. FINDINGS.

5 Congress finds the following:

6 (1) The Securities and Exchange Commission
7 has broad authority to prescribe accounting stand-
8 ards applicable to issuers of publicly traded securi-
9 ties.

10 (2) Such accounting standards are essential to
11 the efficient functioning of the economy and the cap-
12 ital markets in that investors, creditors, analysts,
13 auditors, and others rely on credible, transparent,
14 and comparable results of operations in making deci-
15 sions regarding the allocation of capital.

16 (3) Congress recently acknowledged the impor-
17 tance of the accounting standard-setting process to
18 our capital markets as part of the Sarbanes-Oxley



1 Act of 2002, which Act passed the House of Rep-
2 resentatives and the Senate by votes of 423–3 and
3 99–0, respectively.

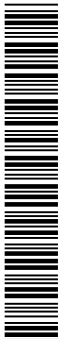
4 (4) Congress, in the Sarbanes-Oxley Act of
5 2002, also recognized the importance of the conver-
6 gence of United States and international accounting
7 standards on high quality accounting standards.

8 (5) The United States capital markets enjoy a
9 competitive advantage as a result of the high quality
10 and integrity of our financial reporting system and
11 the accounting standards that underlie it and would
12 lose that advantage over foreign markets if our ac-
13 counting standards and policies are considered less
14 than objective.

15 (6) Investors benefit from independent and fair
16 accounting standards that are free from undue polit-
17 ical interference.

18 (7) The rulemaking authority and credibility of
19 the accounting standard-setting process may be ir-
20 reparably damaged by legislation that preempts the
21 existing public, fair, and deliberative process.

22 (8) The Securities and Exchange Commission
23 of the United States has the ultimate authority over
24 the content and process for setting standards for
25 issuers of publicly traded securities.



1 **SEC. 3. SENSE OF THE CONGRESS.**

2 It is the sense of Congress that—

3 (1) preserving the integrity of the accounting
4 standard-setting process is crucial to the functioning
5 and transparency of the financial reporting systems
6 and capital markets of the United States; and

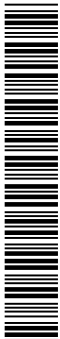
7 (2) the Securities and Exchange Commission
8 should be permitted to adopt and implement new ac-
9 counting standards without Congress or other par-
10 ties intervening in the process before it is completed
11 to override or delay recognition of those standards.

12 **SEC. 4. SECURITIES AND EXCHANGE COMMISSION MAN-**
13 **DATE.**

14 Consistent with the Securities and Exchange Com-
15 mission's established procedures, the Securities and Ex-
16 change Commission shall—

17 (1) oversee the process of accounting standard-
18 setting to ensure a process that assures that all of
19 the comments, concerns, and recommendations gath-
20 ered during the comment period on any proposal re-
21 garding equity-based compensation are subject to
22 appropriate review; and

23 (2) before a final standard is adopted, ensure
24 that any modifications are made that are appro-
25 priate for the purposes of adopting the highest qual-
26 ity accounting standards that will best serve the pur-



- 1 poses of our financial reporting system and the
- 2 United States economy as a whole.

